

BUSINESS MEETING
BEFORE THE
CALIFORNIA ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION

In the Matter of:)
)
Business Meeting)
)
_____)

CALIFORNIA ENERGY COMMISSION
HEARING ROOM A
1516 NINTH STREET
SACRAMENTO, CALIFORNIA

WEDNESDAY, MAY 7, 2008

10:05 A.M.

Reported by:
Peter Petty
Contract Number: 150-07-001

COMMISSIONERS PRESENT

Jackalyne Pfannenstiel, Chairperson

James D. Boyd, Vice Chairperson

Arthur H. Rosenfeld

Jeffrey D. Byron

Karen Douglas

STAFF and CONTRACTORS PRESENT

Claudia Chandler, for Executive Director Jones

William Chamberlain, Chief Counsel

Marni Weber, for Legislative Director Smith

Harriet Kallemeyn, Secretariat

Bill Pfanner

Monica Rudman

Guido Franco

Rachel MacDonald

Jim Page

Ken Celli

PUBLIC ADVISER

Nick Bartsch

ALSO PRESENT

Jane E. Luckhardt, Attorney
Downey, Brand Attorneys, LLP

Gary Palo
FPL Energy

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P R O C E E D I N G S

10:05 a.m.

CHAIRPERSON PFANNENSTIEL: Good morning.

This is the Energy Commission business meeting.

Please join me in the Pledge of Allegiance.

(Whereupon, the Pledge of Allegiance was
recited in unison.)

CHAIRPERSON PFANNENSTIEL: We'll start

with a couple changes to the agenda as posted.

Items number 3 and 4 will not be considered today.

And then there was an item that was circulated

separately, listed as item 15, Orange Grove

Project. And we need a vote to add that to

today's agenda since it wasn't originally noticed.

Is there a motion?

COMMISSIONER BOYD: I'll so move.

COMMISSIONER ROSENFELD: Second.

CHAIRPERSON PFANNENSTIEL: All in favor?

(Ayes.)

CHAIRPERSON PFANNENSTIEL: So number 15

we will consider after number 7 currently on the

agenda.

With that, we have no consent calendar.

So item 1.a. possible approval of the Executive

Director's data adequacy recommendation for Beacon

1 Solar, LLC, the application for certification of
2 the Beacon Solar Energy project, a nominal 250
3 megawatt concentrated solar electricity generating
4 facility proposed on an approximately 2012-acre
5 site in eastern Kern County. Good morning.

6 MR. PFANNER: Yes, thank you, Chairman
7 Pfannenstiel, Members of the Commission. My name
8 is Bill Pfanner; I'm the Project Manager for the
9 Beacon project. And I have an attorney
10 representing the project today, being Dick
11 Ratliff, who's stepping in for Jared Babula.

12 On March 14, 2008, the Energy Commission
13 received the application for certification from
14 Beacon Solar, LLC, a subsidiary of Florida Power
15 and Light, for the Beacon Solar Energy project.

16 The proposed project is a concentrated
17 solar electric generating facility proposed on
18 approximately 2000-acre site in eastern Kern
19 County. The project will use parabolic trough
20 solar thermal technology to produce electrical
21 power using steam turbine generator fed from solar
22 steam generator. And it would be a nominal
23 electrical output of 250 megawatts.

24 Staff's April 11, 2008 initial data
25 adequacy review of the Beacon Solar Electricity

1 Energy project, the AFC determined it did not meet
2 all of the required listings of Title 20, section
3 1704, division 2, chapter 5, appendix B of the
4 California Code of Regulations for the 12-month
5 process.

6 Specifically, the AFC was identified as
7 being deficient in six of the 23 areas including
8 air quality, biological resources, cultural
9 resources, geologic hazard, land use and
10 socioeconomics.

11 The applicant did provide an AFC
12 supplement on April 21st. Staff reviewed the
13 supplemental information and believes that the AFC
14 now meets all the above-listed requirements; and
15 that the staff is in support of the Executive
16 Director's recommendation that the applicant be
17 found data adequate; and that a siting committee
18 be appointed at this time.

19 So, staff would compliment the
20 applicant, a very thorough AFC. And we feel that
21 it is data adequate at this time.

22 CHAIRPERSON PFANNENSTIEL: Thank you,
23 Mr. Pfanner. Are there questions of the
24 Commissioners? Applicant have comment now, or
25 would you rather wait until we have considered --

1 MS. LUCKHARDT: We can either comment
2 now or in the future. This is Jane Luckhardt on
3 behalf of FPL Energy. And with me here today is
4 Gary Palo for FPL. And he just has a few
5 comments.

6 CHAIRPERSON PFANNENSTIEL: Mr. Palo.

7 MR. PALO: Thank you, Madam Commissioner
8 and fellow Commissioners. It's a privilege to be
9 here today on behalf of FPL Energy. I am the
10 Project Director for this application.

11 I spent approximately two of the last
12 three years before this Commission on another FPL
13 Energy project, the Blythe Transmission project.
14 We had an excellent relationship with the staff of
15 the Commission going through the AFC amendment
16 process for that project. And we look forward to
17 a similar experience this time for this project.

18 We appreciate the efforts that Bill and
19 the staff have gone to in reviewing this Beacon
20 Solar Energy project. And I can promise that we
21 will cooperate in every way during the 12-month
22 review process in responding to the data requests
23 and any information and other such things that the
24 Commission desires of FPL Energy for this
25 application.

1 So, again, I would like to clear the
2 record on one matter that FPL Energy is the owner
3 of Beacon Solar. And Florida Power and Light is
4 our sister regulated utility in Florida. FPL
5 Energy is a wholly owned subsidiary that operates
6 outside the State of Florida.

7 So, if there's any questions I'm here to
8 address them.

9 CHAIRPERSON PFANNENSTIEL: Questions?
10 Is there a motion to approve the data adequacy
11 recommendation?

12 COMMISSIONER BYRON: I'll move the item.

13 COMMISSIONER DOUGLAS: I'll second it.

14 CHAIRPERSON PFANNENSTIEL: All in favor?

15 (Ayes.)

16 CHAIRPERSON PFANNENSTIEL: Appointment
17 of a committee. I would propose a committee of
18 Commissioner Douglas presiding, and Commissioner
19 Byron associate. Is there a motion?

20 COMMISSIONER BOYD: So moved.

21 COMMISSIONER ROSENFELD: Second.

22 CHAIRPERSON PFANNENSTIEL: All in favor?

23 (Ayes.)

24 CHAIRPERSON PFANNENSTIEL: Thank you,
25 Commissioners.

1 MR. PALO: Thank you very much.

2 CHAIRPERSON PFANNENSTIEL: Thank you.

3 MR. PFANNER: Thank you.

4 CHAIRPERSON PFANNENSTIEL: Item number
5 2, possible approval of a \$392,630 loan to Graton
6 Community District to build two new variable speed
7 pump stations for wastewater discharge and
8 irrigation. Good morning.

9 MS. RUDMAN: Good morning. My name is
10 Monica Rudman and I'm here to answer any of your
11 questions about the Graton Community Services
12 District loan.

13 Graton operates a wastewater facility
14 serving about 660 ratepayers in the community of
15 Graton, which is west of Roseville.

16 They separated from Forestville several
17 years ago, so currently the flows that are
18 entering these pumps are much lower than the
19 design conditions warranted. And the pumps are
20 not operating at proper efficiencies; they're not
21 operating at the proper design conditions.

22 And because of the stress on this
23 they're also ending their useful life. So Graton
24 applied to the Energy Commission for a loan. And
25 we reviewed the loan application.

1 The total project cost is estimated to
2 be \$424,518. They will receive a grant from PG&E
3 under the savings by design program. And they
4 will pay some of their own funds. So based on a
5 ten-year payback we're recommending the loan
6 amount of \$392,630.

7 So, in summary, I recommend approval of
8 this loan. The project is both technically and
9 economically feasible and meets the loan program
10 requirements. And with your assistance and your
11 approval of this loan, Graton can then change out
12 the pumps and move forward with their project.
13 Thank you.

14 CHAIRPERSON PFANNENSTIEL: Thank you,
15 Ms. Rudman. Do you have any idea how we're doing
16 on our bond funds, how much is available? I know
17 that for awhile we were not having a great call on
18 these funds, but I think that's picked up. Do
19 you --

20 MS. RUDMAN: Yeah, it seems to have
21 picked up lately. We seem to be getting about one
22 a month. I was told that we have about 6 million
23 left in the funds.

24 CHAIRPERSON PFANNENSTIEL: Out of how
25 many, do you remember what we raised this time

1 around? I'm not sure I remember that.

2 MS. RUDMAN: Which time?

3 CHAIRPERSON PFANNENSTIEL: This last
4 bond sale.

5 MS. RUDMAN: Okay, the total from 2005,
6 the bond proceeds account, was looks like about
7 16.3 million.

8 CHAIRPERSON PFANNENSTIEL: And we have
9 about 6 million left?

10 MS. RUDMAN: Yeah. No, 5, 5.14 it looks
11 like.

12 CHAIRPERSON PFANNENSTIEL: Thank you.

13 COMMISSIONER ROSENFELD: -- why I said
14 6. Yeah, looks like 5.14 left. And that doesn't
15 include the interest that we'll earn on the bonds,
16 as well.

17 CHAIRPERSON PFANNENSTIEL: Sure. Thank
18 you. Other questions?

19 COMMISSIONER ROSENFELD: I'm ready to
20 move it.

21 COMMISSIONER BOYD: Second.

22 CHAIRPERSON PFANNENSTIEL: All in favor?

23 (Ayes.)

24 CHAIRPERSON PFANNENSTIEL: Thank you,
25 it's approved.

1 Item number 5, possible approval of
2 contract 500-07-045 with the University of
3 California at Davis for \$120,000. Under this
4 contract UC Davis will install specialized
5 monitoring stations in the Sierra Nevada to
6 demonstrate the chemical composition of the
7 particulate matter in the ambient air which will
8 be used to estimate what, how much, and how often
9 air pollution originating in Asia may affect
10 hydroelectric generation available in California
11 through changes in snow conditions in the Sierra
12 Nevada and other climate changes. Good morning.

13 MR. FRANCO: Good morning,
14 Commissioners. My name is Guido Franco; I'm with
15 the Public Interest Energy Research program here
16 at the Commission.

17 Previously funded PIER research has
18 found that particles generated in California may
19 be reducing the snow pack, producing precipitation
20 in the Sierra Nevada.

21 In addition, another study with the
22 Scripps Institute of Oceanography has shown that
23 transport of pollution aloft, mainly from Asia, is
24 already affecting our climate; but also some of
25 the particles, in this case black carbon, is

1 changing the reflectivity of the snow pack,
2 contributing perhaps to the already-observed early
3 melting of the snow.

4 The proposed project with UC Davis will
5 allow us to continue working on this in this area
6 of research. What UC Davis will do is to measure
7 particles in different locations in the Sierra
8 Nevada and they will also measure the chemical
9 composition of the particles.

10 The idea is to use a chemical
11 composition of the particles as a fingerprint to
12 determine if the particles are locally generated
13 or they're coming from Asia.

14 So this measurement would take -- they
15 will be taking measurements for several months, so
16 the idea is to try to determine how often we get
17 this transport of pollution from Asia; how often
18 the transport is mostly from sources in
19 California; and things like that.

20 And in general, this project will
21 continue to an overall goal of better
22 understanding how climate is changing in
23 California and what are the factors effecting
24 those changes.

25 This is essential information that we

1 need to have in order to better determine or
2 estimate how climate may change in the future.

3 With that I'm ready to answer any
4 questions that you may have.

5 CHAIRPERSON PFANNENSTIEL: Thank you,
6 Mr. Franco. Are there questions?

7 COMMISSIONER BYRON: Yes.

8 CHAIRPERSON PFANNENSTIEL: Commissioner
9 Byron.

10 COMMISSIONER BYRON: Mr. Franco, it's
11 interesting, of course, determining the impact on
12 climate and snowfall and snow melt is interesting.
13 But how do we really distinguish the source of
14 black carbon as being Asian in order to --

15 MR. FRANCO: Well, the black carbon
16 comes with other particles, it's not just black
17 carbon. So there are some air masses that have,
18 for example, a lot of lead. We know that it
19 cannot be -- or shouldn't be from California. But
20 there are other compounds that are usually not
21 found in particles that we are emitting in
22 California.

23 I mean with respect to black carbon, I
24 think this measurements already done for this
25 project, but black carbon that have been in the

1 atmosphere for a long time is what we call aged
2 carbon. And what happen is that a carbon changes
3 from being hydrophobic, I mean that repels water,
4 to being hydrophilic, that means that it becomes
5 compatible with water.

6 And I'm making a long story, but the
7 idea is that we also will have a -- that will be
8 another way to determine specific black carbon,
9 the source of the -- the origin from the black
10 carbon.

11 But for this project, what they want to
12 be doing is just looking at a fingerprint of the
13 different particles. Because air masses will
14 come, it will be black carbon plus other particles
15 that have the unique fingerprint that will
16 defining as coming from California or coming from
17 Asia.

18 COMMISSIONER BYRON: So, initially you
19 said that we can tell that it's not from
20 California, but can we tell distinctly its country
21 of origin? Is that what you're indicating? Or
22 would we just assume that it would be from Asia if
23 it's not from California?

24 MR. FRANCO: No. I mean one thing that
25 the researchers will do is to -- I mean, once they

1 measure the particles they can do what we call
2 back-trajectory analysis. So it's like air
3 dispersion model running in reverse. And you can
4 do that and find out, I mean with certain level of
5 certainty, the source from where the particle came
6 from.

7 It has been done several times. For
8 example, we had a project with the Scripps where
9 they measure, using aircraft, they measure the
10 particles aloft. And they found a lot of black
11 carbon. They use the outputs from a model that
12 NOAA has -- I mean, runs all the time.

13 And they have -- NOAA has what we call
14 the back trajectory module. And what they able to
15 determine that it was coming in the state from
16 China or from India.

17 COMMISSIONER BYRON: Okay. Well, thank
18 you for the discussion. I'm going to, of course,
19 vote for this item, but I'm concerned about using
20 science for political purposes here. And so I'd
21 ask you to be very careful about how these results
22 might be used or interpreted going forward.

23 COMMISSIONER DOUGLAS: Thank you. I
24 actually do have an additional question. I
25 appreciate the briefing on this research that you

1 gave me.

2 In what way does understanding the
3 source of these particles help us understand
4 better how California's climate is changing?

5 MR. FRANCO: There are several reasons.
6 If it is a black carbon that is originate from
7 Asia, I think we don't have the authority, as far
8 as I know, to control those emissions.

9 But if the main source of the problem is
10 carbon originated here in California, I mean there
11 may be some regulatory or policy approaches that
12 we could use to reduce those emissions.

13 COMMISSIONER DOUGLAS: So what you're
14 saying then is it's not that understanding the
15 source of the black carbon is going to make our
16 climate models more accurate, but that it will
17 help us in thinking about how we mitigate the
18 different forcing factors in our climate?

19 MR. FRANCO: Yes, that's one thing. But
20 also we need to know from where is it coming from.
21 Because we need to model what's happening as
22 accurate as possible. If not, our projections
23 will not be correct.

24 COMMISSIONER DOUGLAS: All right, thank
25 you.

1 CHAIRPERSON PFANNENSTIEL: Further
2 questions?

3 COMMISSIONER BYRON: Well, I suppose it
4 may mean ultimately the Commission will need to
5 build a taller wall at the border, as well.

6 (Laughter.)

7 COMMISSIONER DOUGLAS: How about large
8 fans blowing out --

9 CHAIRPERSON PFANNENSTIEL: The other
10 way.

11 COMMISSIONER DOUGLAS: -- to the
12 Pacific?

13 COMMISSIONER BYRON: I'll move the item.

14 COMMISSIONER ROSENFELD: Second.

15 CHAIRPERSON PFANNENSTIEL: All in favor?

16 (Ayes.)

17 CHAIRPERSON PFANNENSTIEL: Thank you.

18 Item 6, possible approval of a work authorization
19 for \$1,925,293 as envisioned in the original
20 contract 500-04-008 for \$5.4 million with New
21 Power Technologies to demonstrate, monitor and
22 verify the New Power Technologies Energynet
23 Simulation method on a utility system in
24 California. Good morning.

25 MS. MacDONALD: Good morning,

1 Commissioner Pfannenstiel and Commissioners. My
2 name is Rachel MacDonald and I work in PIER's
3 distribution program.

4 We are seeking approval of this work
5 authorization in the amount of \$1,925,293, as you
6 stated, under the original contract 500-04-008
7 with New Power Technologies. This contract was
8 approved at the November 2004 business meeting,
9 and is partnered with Southern California Edison.

10 California's distribution systems are
11 large, complex and require frequent changes in
12 rate configurations. Distribution operators and
13 planners do not have comprehensive tools to assess
14 and compare traditional capital additions with
15 engineering and financial benefits that DER such
16 as renewables, distributed generation, demand
17 response and storage technologies may provide.

18 There are tools available to
19 transmission operators which allow them to see
20 these effects, that the changes and additions to
21 their system may have, but they are not available
22 to distribution operators.

23 The tools for the transmission level do
24 not provide or cover the complexity that the
25 distribution system has, so this project actually

1 developed a tool to do so.

2 The work has further developed a highly
3 detailed visual of Edison's distribution system
4 equipment, its performance; has identified areas
5 of congestion; and provided visibility to the
6 existing DG installations on this particular
7 system.

8 This project supports the 2005 IEPR
9 recommendations for utilities to develop and
10 implement planning models to determine where DG
11 and CHP are most beneficial for distribution.
12 This project and demonstration are scheduled for
13 completion October 2009. And the work
14 authorization demonstration phase would cover
15 monitoring from four seasons, summer, fall, winter
16 and part of spring.

17 The work authorization will monitor
18 power flow and grid function, and verify this
19 methodology's accuracy on one of Edison's largest
20 and most complex distribution systems. This
21 system is larger than the average utility system
22 in the U.S.

23 By providing operators with the detailed
24 visual of their system status and identifying
25 areas of congestion and voltage challenges the

1 methodology will identify places where DER
2 provides locational benefit.

3 This work is also compatible with
4 existing industry-accepted modeling tools. And
5 will utilize an optimizing model to show how DER
6 and system reconfigurations can improve grid
7 performance versus traditional system upgrades.

8 So, in California Edison has been hugely
9 supportive in this project to date, and shows
10 their support going forward enthusiastically.
11 They've expressed interest in deploying a
12 validated methodology tool for future grid
13 operating use. This coincides with the 2007 IEPR
14 recommendation to establish transparent
15 distribution planning processes that integrate
16 other resource procurement processes.

17 Lastly, this demonstration of this tool
18 supports legislative goals currently --
19 legislative goals and goals that are being
20 developed right now implement smart grid
21 technologies and strategies.

22 Thank you, and I'll answer any questions
23 you have.

24 CHAIRPERSON PFANNENSTIEL: Thank you,
25 Ms. MacDonald. What is the source of the funding?

1 MS. MacDONALD: It was PIER funds from
2 2004.

3 CHAIRPERSON PFANNENSTIEL: It wasn't
4 described in our backup --

5 COMMISSIONER BYRON: Right.

6 CHAIRPERSON PFANNENSTIEL: -- material
7 in terms of the source of funding.

8 MS. MacDONALD: Okay. This actually
9 came forward to the business meeting because
10 contractually it was just stated in the contract
11 that it was to go forward, the work authorization
12 was to go forward for R&D Committee approval.

13 However, the Executive Office asked that
14 we go forward for proprietary sake to the business
15 meeting for full business meeting approval. So
16 these funds were actually 2004 funds, PIER funds,
17 that were encumbered -- probably 2003 and '04
18 monies from PIER. It's encumbered as in there;
19 it's not new money. It's existing --

20 CHAIRPERSON PFANNENSTIEL: How much is
21 the Southern California Edison contribution to
22 this?

23 MS. MacDONALD: They are cost-shared.
24 To date has been close to 500,000. And for the
25 demonstration phase they're looking at close to

1 200,000.

2 CHAIRPERSON PFANNENSTIEL: So theirs
3 will be --

4 MS. MacDONALD: Plus they have -- I'm
5 sorry.

6 CHAIRPERSON PFANNENSTIEL: -- under a
7 million in contribution. So it's a PIER-funded
8 project at 5.4, and they're putting in --

9 MS. MacDONALD: Well, collectively, the
10 amount that was actually encumbered for our set-
11 aside for the demonstration is roughly 2.3; so
12 it's budgeted less. So the entire contract amount
13 will be closer to 5 million by completion.

14 CHAIRPERSON PFANNENSTIEL: And my other
15 question has to do with the applicability of this
16 Energynet Simulation method or model, I guess,
17 what we really have, to the other utilities. If
18 we're putting this much money into it, I'm
19 assuming we're not doing it for the shareholders
20 of Southern California Edison, but rather we're
21 assuming that this is a model that can be used by
22 other utilities in California?

23 MS. MacDONALD: Yes. Southern
24 California Edison came forward for this phase of
25 the work. This work was actually build-on from an

1 '01 contract with Silicon Valley utilities and San
2 Jose. And we wanted a large California utility to
3 do this phase of the work, this five-year project.

4 We've been partnering and sharing this
5 information thus far with PG&E and San Diego, as
6 well as stakeholders in our program advisory
7 committee that represent other utilities.

8 And I think, in general, everybody's
9 eager in seeing a distribution level tool that
10 shows this level of visibility.

11 CHAIRPERSON PFANNENSTIEL: Thank you.
12 Further questions?

13 COMMISSIONER BOYD: Just a comment, if I
14 might. I've been following the development and
15 evolution of this technology for longer than I've
16 been a Commissioner, so I'm very pleased. And
17 when we reviewed in committee, was very pleased to
18 see how far it's come. And that fact that it may
19 well become available to any and all utilities who
20 want to use it, since it's provided primarily, as
21 you indicated, with public funding.

22 This has been something that some of us
23 have felt is extremely necessary to help us with
24 out grid operations, and to reach whatever the
25 grid of the future might turn out to be.

1 So, I'm very supportive of this
2 proposal. And I appreciate the fact that even
3 though it's a work authorization, it was decided
4 because it is so significant and expensive, to
5 bring it to the full Commission.

6 CHAIRPERSON PFANNENSTIEL: Yeah, I think
7 that was appropriate. Other questions, or a
8 motion?

9 COMMISSIONER BOYD: I'll move approval.

10 COMMISSIONER ROSENFELD: Second.

11 COMMISSIONER BYRON: Can I comment?

12 CHAIRPERSON PFANNENSTIEL: Yes, of
13 course.

14 COMMISSIONER BYRON: I became aware of
15 this work a number of years ago through, I believe
16 it was a suggestion from the Silicon Valley
17 Leadership Group, about five years ago, which I
18 was a part of.

19 And, of course, I'm very familiar with
20 Peter Evans and New Power Technologies. We've
21 been interested in this work and the results from
22 the Silicon Valley power study; very much in favor
23 of seeing this go forward.

24 I'd like to also acknowledge Southern
25 California Edison and thank them for participating

1 in this. And also Mr. Evans' perseverance in
2 working with Southern California Edison for I
3 don't know how many years until we could finally
4 get this project underway.

5 So, I'd like the results yesterday, if
6 at all possible.

7 CHAIRPERSON PFANNENSTIEL: Moved and
8 seconded.

9 All in favor?

10 (Ayes.)

11 CHAIRPERSON PFANNENSTIEL: Thank you.

12 MS. MacDONALD: Thank you.

13 CHAIRPERSON PFANNENSTIEL: Item 7,
14 possible approval of purchase order 07-409.00-023
15 for \$178,500 with Andes Consulting, LLC, to
16 provide quality management services for the
17 Dynamic Transportation Energy Simulation Model,
18 DynaSim, project, the framework of transportation
19 fuel forecasting models. Good morning.

20 MR. PAGE: Thank you, Chairman
21 Pfannenstiel. I'm Jim Page from the fossil fuels
22 office. I'll be presenting this item.

23 Staff today is proposing this consultant
24 to provide assistance for the DynaSim project;
25 that being a multiphase, multiyear project to

1 replace our existing Legacy transportation energy
2 forecasting model with a more updated flexible
3 modeling framework and system.

4 Staff worked with IT SB to hire an
5 industry-certified consultant experienced in
6 quality assurance configuration management. This
7 consultant will provide programming expertise in
8 reviewing software development, formal testing of
9 that software, and controlling version releases.

10 Andes Consulting has worked in this
11 capacity with the Energy Commission before on the
12 WREGIS project. And I believe substantially
13 enhanced that product.

14 So that's all really I have to say. I
15 welcome your questions.

16 CHAIRPERSON PFANNENSTIEL: Thank you.
17 I'm familiar with the project and very much
18 support it. But I was sort of surprised in
19 reading this, this appears that we're hiring an
20 outside consultant to oversee the work that's
21 being done on DynaSim, right?

22 MR. PAGE: Correct.

23 CHAIRPERSON PFANNENSTIEL: And I
24 understand that's because there's a state
25 requirement that we do that?

1 MR. PAGE: Not for this, but this is
2 recommended within our consultations with IT.
3 There's intricacies to software development and
4 testing that we simply don't have staff to fully
5 explore and understand.

6 I believe that Andes Consulting can
7 substantially improve the product and reduce the
8 risks associated with developing, you know, the
9 very substantial software product.

10 CHAIRPERSON PFANNENSTIEL: Sure. I mean
11 this Commission has come under some scrutiny
12 recently for hiring consultants when we could have
13 done some of the work inhouse. But what you're
14 saying here is that because of the depth and
15 complexity of this project we really need some
16 outside consultant to help us on the programming
17 aspects?

18 MR. PAGE: Correct. Yes.

19 CHAIRPERSON PFANNENSTIEL: Thank you. I
20 understand. Other questions?

21 Is there a motion?

22 COMMISSIONER ROSENFELD: I move the
23 item.

24 COMMISSIONER BOYD: Second.

25 CHAIRPERSON PFANNENSTIEL: All in favor?

1 (Ayes.)

2 CHAIRPERSON PFANNENSTIEL: Thank you.

3 MR. PAGE: Thank you.

4 CHAIRPERSON PFANNENSTIEL: Let's take up
5 item 15, possible adoption of the Committee order
6 terminating proceeding on the Orange Grove small
7 power plant exemption. Mr. Celli, good morning.

8 MR. CELLI: Good morning, Chairman
9 Pfannenstiel; good morning, Commissioners.

10 This matter comes before the Energy
11 Commission at the applicant's request to withdraw
12 the Orange Grove small power plant exemption
13 application. I'd like to give you a little
14 background and project history.

15 On July 19, 2007, the applicant filed
16 it's application for a small power plant
17 exemption. At the September 24, 2007
18 informational hearing we got our first indication
19 that there might be some problems with the water
20 from Rainbow Water District.

21 On September 28th the Committee issued a
22 Committee scheduling order. This is 28th, 2007.
23 We anticipated the final initial study being
24 completed by December 17, 2007. However, that
25 date came and went. And for various reasons, only

1 status reports were produced during that period.

2 On January 5, 2008 the applicant filed
3 changes to the project description which included,
4 among other things, over 16 tons of reclaimed
5 water being trucked in by truck from Fallbrook,
6 which is approximately 50 miles away, to the site.
7 Where, during peak hours, peak generation periods,
8 it would require hourly trips of the truck.

9 On February 19, 2008, we had a status
10 conference and the applicant again changed their
11 project description. In addition to the previous
12 change they added trucking potable water in for
13 NOx control and inlet cooling, which would be two
14 trips hourly during peak periods from a different
15 source of water three miles away.

16 It also contemplated rerouting their
17 natural gas pipeline, which had previously run
18 along the state road 72 -- or 76, rather. The new
19 plan was to run the gas pipeline through riparian
20 habitat, state and federal waterways, special
21 status species habitat. And this was done to
22 avoid temporary traffic congestion impacts during
23 construction.

24 This triggered the need to obtain
25 various federal and state permits that were not

1 necessary before the change. Thereby adding many
2 more months delay to the project's already delayed
3 schedule.

4 Also, at the status conference staff
5 announced that they were shifting their analysis
6 to an EIR instead of an initial study.

7 On March 10, 2008, the Committee ordered
8 briefs and issued a tentative decision to deny the
9 small power plant exemption application. The
10 briefs addressed the issues caused by the
11 project's complexity and applicable legal
12 standards and problems inherent in using an EIR in
13 an SPPE proceeding.

14 On the 24th of April 2008 we had a
15 hearing on the denial of the SPPE, at which time
16 the applicant announced their intent to withdraw
17 after discussions regarding converting to an AFC.

18 On the following day, April 25th, the
19 applicant withdrew their application, which you
20 have in your backup materials today. As to the
21 order, which you also have in your backup
22 materials today, the order contains discussion of
23 some of the pitfalls encountered in the SPPE
24 process, and reiterates the policy underlying the
25 SPPE, so future applicants and staff are clear on

1 the Commission's intention and will avoid wasting
2 each other's time processing projects as SPPEs
3 that clearly should have been or should be AFCs.

4 The Committee recommends that the
5 Commission affirm and adopt the Committee's order
6 terminating the proceeding. The recommendation
7 also includes and also addresses applicant's
8 potential AFC. While the order acknowledges that
9 the applicant has withdrawn their SPPE
10 application, Orange Grove Energy has declared its
11 intention to file an AFC for this project.

12 The order anticipates filing this filing
13 and it contains language recommending that the
14 Commission, one, appoint the same Committee to the
15 Orange Grove AFC; two, appoint the same Hearing
16 Officer to the Orange Grove AFC; and three, direct
17 staff to use its best efforts to process the AFC
18 as quickly as is reasonably possible in light of
19 all of the Commission's priorities, with the goal
20 of a final decision by April 1, 2009.

21 The rationale behind this part of the
22 order is to take maximum advantage of the large
23 amount of work that has already been done in this
24 case and on this project, and to attain the
25 highest efficiency in the application process.

1 With that, I'd be happy to take any
2 questions that the Commission may have in this
3 regard.

4 CHAIRPERSON PFANNENSTIEL: Thank you.
5 Ms. Luckhardt, should we hear from the applicant
6 on this?

7 MS. LUCKHARDT: Sure. This is Jane
8 Luckhardt on behalf of Orange Grove Energy. I'm
9 here today -- this project started off as
10 essentially a fairly simple project. It was two
11 LM6000s on a previously -- site that was
12 previously used as an orchard. And when it was
13 initially filed the project proponents did not
14 believe that there would be many issues with that
15 project.

16 As time has gone on, there have been a
17 variety of project changes that have been driven
18 and required for various reasons. Because of
19 that, the SPPE process was extended for a long
20 period of time. And several issues became
21 potentially larger environmental issues than were
22 initially anticipated.

23 In discussing with all parties at the
24 hearing that Mr. Celli mentioned, and looking at
25 the various options for this project, we all

1 parties, and that would be, I think, with staff's
2 concurrence and the Committee, determined that the
3 best course of action would be to go forward with
4 withdrawing the SPPE application and refiling as
5 an AFC.

6 We anticipate refiling that AFC in June.
7 And we appreciate the efforts of the Committee to
8 move the project along when it returns, should the
9 same Committee be assigned, as expeditiously as
10 possible.

11 CHAIRPERSON PFANNENSTIEL: Thank you,
12 Ms. Luckhardt. Any questions or comments?

13 COMMISSIONER BOYD: Comment, if I might.

14 CHAIRPERSON PFANNENSTIEL: Certainly.

15 COMMISSIONER BOYD: As the Chair of this
16 particular siting committee, and Commissioner
17 Rosenfeld served as the other Committee Member,
18 this is a little bit of an unusual request that's
19 being made today, but as Ms. Luckhardt pointed
20 out, this became somewhat of an unusual case.

21 We have exhibited our sympathies and
22 concerns with the process change, and are
23 suggesting, as Mr. Celli pointed out, that this
24 be, as much as possible, a seamless switch of
25 tracks to an AFC track rather than SPPE. And that

1 we do take advantage of all the work that's been
2 done to date. And your soon-to-be-former Siting
3 Committee has volunteered to become the Siting
4 Committee on the new case just to keep the
5 continuity going and the fact that we've put so
6 much of ourselves into this.

7 The one last -- and so we obviously are
8 recommending approval of the order in question.
9 One comment I would make to my fellow
10 Commissioners who serve on the Siting Committee is
11 that we might give some thought within that
12 Committee in working with the siting division to
13 perhaps providing a little more guidance and
14 criteria on when you hit the point in an SPPE
15 where it's no longer perhaps appropriate to be
16 considered an SPPE.

17 I think we spent far more time on this,
18 in hindsight, than perhaps needed to be done. But
19 quite frankly, we lacked clear criteria of where
20 the threshold is. And I would just suggest the
21 idea that when it gets to the point where the
22 staff feels that an EIR is necessary to address
23 the environmental issues, to me I'd say you've
24 just crossed the threshold of the definition of a
25 present SPPE is.

1 But we don't have that understanding. I
2 think we should create that understanding in our
3 procedural process and save anyone in the future
4 from having to expend too much time.

5 I appreciate the fact that the staff
6 recognized an SPPE, in the aggregate, may be less
7 work. But when they get to the point of saying
8 they're going to have to do an EIR, you're not
9 very far from the effort that has to go into an
10 AFC.

11 Thus, we hope this can be fairly
12 seamless and we can move on. And it won't
13 jeopardize any other projects in the pipeline
14 because if we had allowed the staff to go ahead
15 and do an EIR, the time consumed would probably be
16 analogous to the time it would take to do the
17 regular process.

18 So, to the extent we can just make this
19 switching tracks and keep going, I think would be
20 helpful for all of us.

21 CHAIRPERSON PFANNENSTIEL: Thanks, Jim.
22 Good observations. Other questions, comments?
23 Yes, Commissioner Byron.

24 COMMISSIONER BYRON: As the Presiding
25 Member of the Siting Committee, Commissioner Boyd,

1 we'll certainly take that under advisement. And I
2 will commit that we'll work with staff on
3 developing, I hope, what will be simple criteria
4 on the threshold of acknowledging or accepting
5 SPPEs. And then maybe a simple criteria by which
6 they would be kicked out of the SPPE process
7 earlier, so that we don't waste valuable resources
8 and time.

9 COMMISSIONER BOYD: Thank you.

10 CHAIRPERSON PFANNENSTIEL: We have an
11 order in front of us. Is there a motion to adopt
12 the order as presented?

13 COMMISSIONER BOYD: So moved.

14 COMMISSIONER ROSENFELD: Second.

15 CHAIRPERSON PFANNENSTIEL: All in favor?

16 (Ayes.)

17 CHAIRPERSON PFANNENSTIEL: Thank you,
18 it's been approved.

19 MR. CELLI: Thank you.

20 CHAIRPERSON PFANNENSTIEL: Item 8,
21 approval of minutes from the April 23rd business
22 meeting.

23 COMMISSIONER BOYD: I shall abstain, I
24 was --

25 CHAIRPERSON PFANNENSTIEL: Thank you,

1 Commissioner Boyd.

2 COMMISSIONER ROSENFELD: I move the
3 minutes.

4 COMMISSIONER BYRON: Second.

5 COMMISSIONER DOUGLAS: Second.

6 CHAIRPERSON PFANNENSTIEL: In favor?
7 (Ayes.)

8 CHAIRPERSON PFANNENSTIEL: The minutes
9 have been approved.

10 Commission Committee discussion. Let me
11 just raise one item that I want to get out in
12 front of the whole Commission just to make sure
13 everybody understands where we're going on the
14 joint proceeding with the PUC on AB-32
15 implementation for the electric and natural gas
16 sectors.

17 We're really at the point now of
18 deciding this question of allocation of
19 allowances. Should there be a cap-and-trade,
20 should the Air Resources Board decide in their
21 process that there will be a cap-and-trade
22 proceeding, then we need to think about and make a
23 recommendation to the Air Resources Board on the
24 allocation of the allowances.

25 And we are working with consultants, E3,

1 who has done the modeling on this work. Right at
2 the point now of sort of defining the scenarios
3 that we want E3 to model to represent various
4 outcomes along the lines of cost and effectiveness
5 of GHG reduction.

6 So I just really kind of want the
7 Commission all to be aware that that's where we
8 are in that process. Certainly while, you know,
9 Commissioner Byron and I are the Committee, I
10 think we're all involved in this. And we all have
11 some role to play in defining those scenarios and
12 overseeing the E3 work.

13 Because ultimately when we make the
14 recommendation to the Air Resources Board it's
15 going to be from this whole Commission. So I just
16 think it's an important time for everybody to be
17 up to speed on what's going on.

18 Further comments? Commissioner Byron?
19 Commissioner Douglas?

20 COMMISSIONER DOUGLAS: Quick question.
21 My understanding is that the E3 work will, among
22 other things, help define what portion of the
23 reductions we think we can get from energy
24 efficiency programs and from renewable programs.
25 And what might be the delta that we would

1 absolutely need to make up from cap-and-trade.

2 And, of course, that depends ultimately
3 on where ARB sets the cap, and what portion of
4 reductions need to come from this sector.

5 My question is to what degree beyond the
6 economic modeling work we will be able to back up
7 the recommended amount of reductions from energy
8 efficiency and renewables by pointing to specific
9 programs and where those reductions would actually
10 come from.

11 CHAIRPERSON PFANNENSTIEL: Yeah, and in
12 fact, that, I think, is one of the big issues,
13 Karen, on the question of what is input from us,
14 as opposed to what is a result of the model.

15 And we've done, through the IEPR process
16 certainly, a lot of modeling of where we think we
17 can go with energy efficiency and renewables.

18 And I know that the input that E3
19 issues, right now one of their scenarios, at
20 least, wasn't the same for energy efficiency as we
21 would want to have modeled.

22 So I think we all need to make sure that
23 we are -- that where we have come out in other
24 proceedings, and by that I really am referring to
25 the IEPR, get reflected in the scenarios that E3

1 is running.

2 Jim, did you have a comment?

3 COMMISSIONER BOYD: Not on this subject.
4 A different subject.

5 CHAIRPERSON PFANNENSTIEL: Jeff?

6 COMMISSIONER BYRON: Just to reinforce
7 the Chairman's comments, for my fellow
8 Commissioners, we have been working diligently on
9 this. The E3 contractor will develop a tool that
10 I understand will be made available to the public.
11 Many others will be able to run the various models
12 and cases that they're interested in evaluating.
13 We will be doing the same here at this Commission.

14 However, this model, really a fairly
15 elaborate spreadsheet, is a tool. And I think it
16 would be used to help inform our decision. You
17 may all be aware that President Peevey and his
18 staff were quizzed extensively, in part, on this
19 recent interim decision that we put forward
20 yesterday in the Senate Energy Committee. Senator
21 Kehoe, the Chair, also indicated that there will
22 be a hearing on the proposed recommendations, I
23 believe later this month. I want to say May --

24 CHAIRPERSON PFANNENSTIEL: 21st.

25 COMMISSIONER BYRON: -- May 21st. So,

1 clearly the Legislature is very interested in this
2 topic. And I suppose it's also worth mentioning
3 that Commissioner Douglas and I have met with, I
4 believe, seven or eight different legislators over
5 the last number of weeks, listening to their
6 concerns, explaining our intent at this point in
7 the interim decision. And describing in some
8 detail the schedule that we will be going through
9 over the next couple of months.

10 And this will begin to happen very
11 quickly. So I appreciate the Chairman bringing
12 this issue up today. Perhaps every business
13 meeting for the next few weeks we might -- next
14 few months, we might want to discuss this topic
15 and answer questions in open forum.

16 Because the schedule will move quickly
17 and we will need to have all Commissioner fully
18 engaged on this subject for a vote, I believe, in
19 August.

20 CHAIRPERSON PFANNENSTIEL: Yeah, that
21 sounds right.

22 COMMISSIONER BYRON: Thank you.

23 CHAIRPERSON PFANNENSTIEL: Thank you.

24 COMMISSIONER BOYD: I will make a
25 comment. And I appreciate the Chairman's remarks

1 about us all being involved in this, because I
2 must admit, I, too, cannot travel anywhere without
3 hearing about this subject. And we did --

4 CHAIRPERSON PFANNENSTIEL: We're all
5 going to own it whether we want to or not.

6 COMMISSIONER BOYD: Yes, we all do own
7 it. We voted it out of here, and even though a
8 couple of you did all the super heavy lifting, and
9 others are stepping into the breach, we all get
10 questioned on this in the multiple forums we find
11 ourselves.

12 So, I'm sure we all have a need to stay
13 pretty much involved in the issue and in the
14 decision that we ultimately put forward.
15 Perception is reality in this town; people are
16 quick to perceive whatever they want, no matter
17 what we really did. So, we must be careful on
18 this.

19 CHAIRPERSON PFANNENSTIEL: Did you have
20 another subject --

21 COMMISSIONER BOYD: I did, if we're done
22 with this item. And I think the next time I
23 become the collector of tributes to the staff I'm
24 going to do it at the beginning of the meeting --

25 COMMISSIONER BYRON: While they're still

1 here.

2 COMMISSIONER BOYD: -- because -- while
3 there's still an audience. But in any event, --

4 COMMISSIONER ROSENFELD: You could wait
5 till the beginning of the next meeting.

6 COMMISSIONER BOYD: Well, this has
7 already been delayed one meeting because I was ill
8 last meeting.

9 On Earth Day I had the pleasure of
10 representing this agency and its staff at the
11 dedication in Modesto by the Frito-Lay Corporation
12 of a solar thermal project that they dedicated
13 solely to the production of their sun chips, which
14 is an interesting piece of PR, but nonetheless, it
15 was a true mechanical fact, as well.

16 And quite some time ago, I believe, we
17 and I were committed to this assignment and had
18 the pleasure of doing this. However, -- and I
19 guess we were the big gun until the Governor
20 decided to participate. So it became a very large
21 event.

22 And I was extremely pleased, having
23 arrived about an hour before the event and seeing
24 a little bit of the facility and talking to an
25 awful lot of the management of Frito-Lay and the

1 plant operation, to hear extensive compliments to
2 the staff of the Energy Commission for this
3 project.

4 And this project constitutes two
5 different things. One, it constitutes utilizing a
6 technology that the PIER program invested in quite
7 a long time ago and nurtured and obviously brought
8 to the real world. And then this agency helped
9 financially, and apparently in a lot of other
10 ways, to see this project brought to completion.

11 So, I was pleased. And when we reached
12 the dais and they had the formal presentation,
13 which involved the President of Frito-Lay making
14 introductory comments, and introducing the
15 Governor, he made extensive public comments
16 complimenting the staff. And it pleased me to no
17 end to the have the Governor hear that, and
18 actually turn to me -- I happened to be standing
19 next to him -- and say something to the effect
20 that that was fantastic, as only he can. And
21 actually shake my hand over it.

22 So, I just wanted to pass on the fact
23 that this is another one of these successes. And
24 we did advertise the best we could out of it, but
25 when we get questions about what does PIER do,

1 this is a very good example of a total success
2 story in terms of R&D investment and what our
3 program of helping incent these kinds of projects
4 mean.

5 And the president said, well, they
6 wouldn't have done it, couldn't have done it
7 without the additional financial help from the
8 Energy Commission, once we got past the proving of
9 the technology.

10 And in appreciation for that, although
11 this is a commercial for Sun Chips, there was a
12 special presentation made to yours truly at this
13 time for the work of the Commission.

14 So, Claudia has promised me, she's
15 ordered a trophy case and this should come
16 alongside all the other trophies that we're
17 gathering of late in tribute to the staff.

18 And I want to mention the staff because
19 they were mentioned by name to me multiple times.
20 Mike Lozano, Ivin Rhyne and Pramod Kulkarni, who's
21 been with this since the beginning, were singled
22 out repeatedly for compliments. And Adam, who was
23 there taking pictures of this thing, frankly did a
24 marvelous job with the media.

25 So this was a banner day for the not-

1 often heralded California Energy Commission and
2 the work that it's done. And I just think it
3 deserves some notice. And I certainly felt good
4 about it, proud for the agency and the staff. And
5 pleased that the Governor finally heard something
6 good about his Energy Commission.

7 So I just wanted to pass that on to
8 everybody and I'll turn this over to Claudia to
9 hang appropriately.

10 And enough said, I think. Thank you.

11 CHAIRPERSON PFANNENSTIEL: Thanks, Jim.

12 COMMISSIONER BYRON: Very good.

13 COMMISSIONER ROSENFELD: Yes, I --

14 CHAIRPERSON PFANNENSTIEL: Appreciate
15 your doing that.

16 COMMISSIONER ROSENFELD: -- do have a
17 question for you. I don't want to put you on the
18 spot, but what do you know about the possibilities
19 of this spreading around the country? I mean the
20 first success is wonderful, but --

21 COMMISSIONER BOYD: Well, the first
22 thing we want to do is spread it throughout the
23 Central Valley because -- and we talked about this
24 there -- because this is a, in effect, food
25 processing plant if you consider Sun Chips food,

1 which most of the present generation does.

2 (Laughter.)

3 CHAIRPERSON PFANNENSTIEL: Basic food.

4 COMMISSIONER BOYD: Yeah, basic food.

5 And there are food processing facilities up and
6 down the length of the Valley all bathed in the
7 same --

8 COMMISSIONER ROSENFELD: Sunshine.

9 COMMISSIONER BOYD: -- prodigious
10 amounts of sunshine. And so I know the staff is
11 trying to spread the word, and I know this event
12 will help. There are facilities right next door
13 that ought to start giving some thought to these.

14 So I'm hopeful that we, through contacts
15 to some of the, both the organizations and the
16 associations that represent such as the food
17 processors and what-have-you, will pick up on this
18 and we'll see if we can't spread it more. There's
19 a lot of potential, obviously, for this
20 technology.

21 COMMISSIONER ROSENFELD: I do think you
22 and I and the R&D Committee, that we should put it
23 to PIER that this is a challenge to have it spread
24 fast.

25 COMMISSIONER BOYD: Indeed. Do you hear

1 that, Pramod? Very good.

2 CHAIRPERSON PFANNENSTIEL: Very good.

3 Other Commissioner --

4 COMMISSIONER ROSENFELD: Pramod,
5 congratulations.

6 CHAIRPERSON PFANNENSTIEL: And thank
7 you. Any other Commissioner comments?

8 Chief Counsel report. Mr. Chamberlain.

9 MR. CHAMBERLAIN: Yes, Madam Chairman.

10 In 2006 the Commission licensed the San Francisco
11 Electric Reliability project, which, as you know,
12 was a very controversial project. Your decision
13 was challenged in the California Supreme Court,
14 and the Court upheld your decision in early 2007.

15 But the project has continued to be
16 controversial. And earlier this week, at the
17 suggestion of Commissioner Byron, Dick Ratliff
18 went to the board of supervisors for, actually a
19 committee of the board of supervisors, for a
20 meeting to describe the Commission's process and
21 the examination of alternatives.

22 And he has returned with a written
23 report which he made to the Siting Committee. I'm
24 not sure Commissioner Douglas got it because it
25 turns out there is a Kathleen Douglas, as well,

1 here at the Commission. So hopefully she did get
2 it or will get it.

3 But I read the report this morning and I
4 was sufficiently impressed by it that I thought I
5 should share it with all of you. And so I will be
6 sending that on to you.

7 CHAIRPERSON PFANNENSTIEL: Thank you,
8 yes, I certainly would appreciate that.

9 COMMISSIONER BOYD: Yes, as a member of
10 the Siting Committee, I like to keep up with the
11 exciting events in and of San Francisco.

12 CHAIRPERSON PFANNENSTIEL: Thank you.
13 Nothing further?

14 Executive Director's report. Ms.
15 Chandler.

16 MS. CHANDLER: Yes, thank you. Got
17 three items. First of all I wanted to make you
18 all aware that we launched a new and revised
19 climate change portal. Bob Aldrich, our
20 webmaster, worked diligently on organizing the
21 information on this portal, which originally we
22 started in 1998. And since that time has become
23 the "Winchester Mystery House" in my opinion, or
24 the equivalent of it.

25 We worked with the Commissioners, as

1 well as staff, Resources Agency, the Under-
2 Secretary Tony Brunello, to insure that we pull
3 together all the information and organized it in a
4 way that was understandable.

5 It launched on Monday, and we've already
6 received kudos from both the Resources Agency and
7 other agencies within the Resources Agency. It's
8 in a beta test mode, which means that we are
9 looking for additional input from a broader
10 constituency now in terms of the other state
11 agencies.

12 It includes all the information on the
13 Climate Action Teams. It has links to the various
14 state agency webpages where their climate action
15 activities take place. And it has an incredible
16 calendar on it which will become the centralized
17 calendar of information for climate change
18 activities. The flexibility of this calendar is
19 such that other entities, other state agencies,
20 can post to this calendar. So it's a one-stop
21 shop for all of the activities.

22 So, Bob did a great job in pulling this
23 together, and in making sense of what is a very
24 complicated content area, which is the climate
25 activities of the state.

1 Item number two. Also kudos to the
2 California Energy Commission. You all might be
3 aware that yesterday we received \$65 million to
4 fight global climate change for our WestCarb
5 project. The Department of Energy gave us \$65.6
6 million to support our west coast regional carbon
7 sequestration partnership. And we were one of
8 seven research partnerships funded by the
9 Department of Energy.

10 So, that is also an acknowledgement of
11 our PIER program and the outstanding work that
12 they are doing in this area. These funds will go
13 to begin geologic carbon dioxide storage pilot
14 project in the Bakersfield area. And I'm sure you
15 all received this news release, but if not, we
16 have copies.

17 COMMISSIONER BOYD: I'd like to comment
18 on that if I might, quickly. This is another area
19 where there's a synergism going on, because the
20 project in Kimerlina that's referenced that is
21 becoming a host site for part of this
22 experimentation, is a revolutionary and novel
23 generating facility that PIER has funded for
24 several years, that is a zero emissions facility.
25 It actually is using rocket technology.

1 I was in Bakersfield a few weeks ago, so
2 I went out of my way to finally go see the place,
3 and was incredibly impressed with what has
4 occurred since I first heard of this many years
5 ago. So this is another area where synergism is
6 occurring.

7 And that, in and of itself, is deserving
8 of some mention. But if this is successful it
9 certainly would be an extremely successful
10 accomplishment by this agency, both on the
11 demonstration of sequestration, but on the
12 demonstration of a new energy technology that is
13 finally beginning to attract some interest from
14 utilities.

15 And certainly the seed money we put in
16 caused the DOE to take a hard look and put a lot
17 of money, separate and apart from WestCarb, into
18 this generating facility. And I would recommend
19 any of you happen to be in the area, which I know
20 is rare for most of us, to take the opportunity to
21 see the facility. It's quite intriguing if you're
22 into that kind of pipes and nuts-and-bolts stuff.

23 COMMISSIONER ROSENFELD: I'd like to
24 embellish on that with a sentence or so. This has
25 been a long, upwards spiral. It started off with

1 a \$75,000 small grant proposal by -- what's the
2 name of --

3 COMMISSIONER BOYD: CleanEnergy.

4 COMMISSIONER ROSENFELD: -- CleanEnergy
5 Systems. It then got a PIER grant, a second PIER
6 grant. And then it came to the attention of DOE.

7 And so what started off as a \$75,000,
8 one-year proposal is now a \$90 million operation.

9 COMMISSIONER BOYD: And, of course, the
10 WestCarb, this is phase three, so we went through
11 phase two, -- phase one and two, and now this is
12 the big payoff, phase three. Which is going to
13 strain our capabilities to deliver on. So, it's
14 going to strain the already constraining state
15 system significantly to know how to deal with the
16 processes and procedures that you have to do in a
17 project of this magnitude. So it should prove to
18 be interesting, as well as challenging.

19 Could I make one other comment?

20 CHAIRPERSON PFANNENSTIEL: Of course.

21 COMMISSIONER BOYD: I would just like to
22 note the unfortunate passing of Dr. Alex Farrell a
23 couple of weeks ago. Just so we take
24 acknowledgement of that. Some of us -- I did not
25 know Dr. Farrell at all before he started his work

1 on the low carbon fuel standard. But in reality
2 he had to work with us on the work we were doing
3 in full fuel cycle analysis for our alternative
4 fuels report and plan.

5 So, we ended up spending a lot of time
6 with Alex and getting to know him. And the
7 previous Thursday and Friday before his passing I
8 had dinner with him on the Thursday night. And he
9 and I were on a panel together on Friday. And I
10 was rather shocked the following Tuesday to learn
11 of his passing.

12 And it's just tragic as a personal
13 thing, and tragic because he had become virtually
14 the center of the universe on understanding of
15 this science involved with the modeling that has
16 to be done in this arena. So we're going to miss
17 him in many many different ways.

18 CHAIRPERSON PFANNENSTIEL: Thank you,
19 Jim.

20 COMMISSIONER ROSENFELD: Jim and Jackie
21 probably know that one of this graduate students,
22 Karen Herder, actually worked at my office until
23 about a year ago. She's --

24 COMMISSIONER BOYD: I knew Karen; I
25 didn't know she had --

1 COMMISSIONER ROSENFELD: Alex Farrell's
2 grad student.

3 COMMISSIONER BOYD: No, I didn't know
4 that.

5 CHAIRPERSON PFANNENSTIEL: Claudia, you
6 had said you got three items.

7 MS. CHANDLER: Yes.

8 CHAIRPERSON PFANNENSTIEL: You went
9 through two.

10 MS. CHANDLER: I have a third one.
11 Bill, can I ask you to assist me in handing this
12 out.

13 I thought I would bring you information
14 on where we are on the BCPs that we have in the
15 cycle this year. Earlier this week on Monday we
16 went through Senate Budget Committee, and before
17 you you basically have the nine BCPs that we have
18 that are still active.

19 And if you look at this it basically
20 goes across and tells where we are; the amount of
21 money; the funding level. And then if you move
22 over to the column that says Senate, the action
23 that was taken; the vote; the date. And then the
24 Assembly with the same, the vote and whether or
25 not it was approved. And then the last column

1 shows whether or not that BCP will now go to
2 conference committee.

3 When we have consensus on the part of
4 the Senate and the Assembly, then the BCP -- in
5 affirmation, then the item does not go to
6 conference committee. It is moved out and moves
7 forward. When we have, in this case, a denied and
8 an approved, then that would send it into
9 conference committee.

10 You can see that item number 7 has yet
11 to move forward, BCP number 7, the alternative and
12 renewable fuel and vehicle technology program. It
13 will be heard in the Senate Budget on 5/19,
14 committee on 5/19. So it's still open at this
15 time to be heard.

16 And there's others that are open,
17 however those committees on the Assembly side have
18 not -- that committee meeting has not been
19 scheduled yet for these items to be taken up.

20 The conference committee will not take
21 place until after obviously 5/19 when the Senate
22 has their decision.

23 CHAIRPERSON PFANNENSTIEL: All right.
24 So this is an ongoing story?

25 MS. CHANDLER: Yes. This is a status

1 report in case you, like me, were a little bit
2 confused as to what the scorecard was. And so we
3 asked that this be put together so we could track
4 and follow along.

5 CHAIRPERSON PFANNENSTIEL: It is a
6 scorecard, but it's about the fourth inning.

7 (Laughter.)

8 CHAIRPERSON PFANNENSTIEL: There's a bit
9 of the game left to play.

10 COMMISSIONER BOYD: Yeah, I hope so,
11 because this has proven to be rather disappointing
12 as you can see from all the denials in the Senate.
13 We're caught in the cross-fire, I think, of the
14 climate change wars that are going on.

15 But most disturbing to me was the AB-118
16 item that's left open, that was barely left open.
17 But the Senate Staff, to our total surprise and
18 contrary to what they had told our staff,
19 recommended total denial of the funds for this
20 operation.

21 So this is going to prove to be
22 interesting. Everybody's in a rush to do
23 something to address our transportation fuel
24 crisis, but nobody is that interested to invest
25 the resources.

1 Again, this is another part, I think, of
2 the political ping-pong game that's being played,
3 but it's most unfortunate.

4 CHAIRPERSON PFANNENSTIEL: Anything
5 else, Claudia?

6 MS. CHANDLER: No.

7 CHAIRPERSON PFANNENSTIEL: Leg Director
8 report, Marni.

9 LEGISLATIVE MANAGER WEBER: Good
10 morning, Chairman and Commissioners. Briefly this
11 morning, as Commissioner Byron mentioned, May 21st
12 is going to be a hearing on cap-and-trade that
13 Senator Kehoe has scheduled for her Senate energy
14 utilities and communications committee. I don't
15 have any details on that, as yet. The OGA will
16 work closely with those committee consultants in
17 the Senate to get as much information as quickly
18 as possible so we can be fully prepared for that
19 hearing.

20 And on one other note regarding the 118,
21 as Commissioner Boyd mentioned, AB-109 from last
22 session has been amended to now contain cleanup
23 language for the AB-118 that was passed last
24 session.

25 That measure had already been through

1 all the Assembly and policy committees in the
2 Senate. So it is now scheduled for Senate third
3 reading file. So I'll be keeping a close eye on
4 that. It may be sent back to a policy committee
5 in the Senate, and we'll keep you apprised of the
6 situation there.

7 And that's it for today.

8 CHAIRPERSON PFANNENSTIEL: Thank you.
9 Public Adviser report.

10 MR. BARTSCH: Madam Chair, Members; Nick
11 Bartsch, Public Adviser's Office. Nothing to
12 report to you at this time. Thank you.

13 CHAIRPERSON PFANNENSTIEL: Thank you,
14 Nick.

15 Any public comment today?

16 We'll be adjourned -- before we adjourn
17 there will be a -- I heard, a brief Commissioner-
18 only meeting, closed session meeting in my office
19 just on a personnel matter immediately following.

20 So we'll be otherwise adjourned.

21 (Whereupon, at 11:11, the business
22 meeting was adjourned into closed
23 session.)

24 --o0o--

CERTIFICATE OF REPORTER

I, PETER PETTY, an Electronic Reporter,
do hereby certify that I am a disinterested person
herein; that I recorded the foregoing California
Energy Commission Business Meeting; that it was
thereafter transcribed into typewriting.

I further certify that I am not of
counsel or attorney for any of the parties to said
meeting, nor in any way interested in outcome of
said meeting.

IN WITNESS WHEREOF, I have hereunto set
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